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**ALLEN PARISH WARD 3 FIRE PROTECTION
DISTRICT NO. 2
Reeves, Louisiana**

**A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
ANNUAL FINANCIAL STATEMENTS**

As of and For the Year Ended July 31, 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **FEB 22 2012**

**STUTZMAN & GATES, LLC
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Allen Parish Ward 3 Fire Protection District No. 2
Annual Financial Statements
As of and for the Year Ended July 31, 2011
With Supplemental Information Schedules

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Stutzman & Gates, LLC

Certified Public Accountants

Members:
American Institute of Certified Public Accountants
Society of Louisiana Certified Public Accountants

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Board of Commissioners
Allen Parish Ward 3 Fire Protection District No. 2
Reeves, Louisiana

We have compiled the accompanying financial statements of the governmental activities and each major fund of the Allen Parish Ward 3 Fire Protection District No. 2, component unit of the Allen Parish Police Jury, as of and for the year ended July 31, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. We have not audited or reviewed the accompanying financial statement and, accordingly do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

The management of the Allen Parish Ward 3 Fire Protection District No. 2 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The budgetary comparison information, on page 24, is presented for purposes of additional analysis. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. The supplementary information has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and accordingly, we do not express an opinion or provide any assurance on such supplementary information.

Management has omitted the management's discussion and analysis information that is required to be presented for purposes of additional analysis. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

As described in Note 1 to the financial statements, the District adopted the provisions of GASB 54, *Fund Balance and Governmental Fund Type Definitions*, in 2011.



Stutzman & Gates, LLC
December 13, 2011

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

ALLEN PARISH WARD 3 FIRE PROTECTION DISTRICT NO. 2
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
 Reeves, Louisiana
STATEMENT OF NET ASSETS
July 31, 2011

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash	\$ 199,395
Receivables	66
Prepaid insurance	4,496
Other assets	685
Capital assets (net)	782,228
Bond issuance cost (net of accumulated amortization)	<u>4,790</u>
TOTAL ASSETS	<u>991,660</u>
LIABILITIES	
Accounts payable	1,914
Interest payable	5,583
Bonds payable:	
Portion due within one year	24,000
Long-term portion of bonds payable	<u>305,000</u>
TOTAL LIABILITIES	<u>336,497</u>
NET ASSETS	
Invested in capital assets, net of related debt	453,228
Restricted for debt service	6,699
Unrestricted	<u>195,236</u>
TOTAL NET ASSETS	<u><u>\$ 655,163</u></u>

See accompanying notes and independent accountant's compilation report.

ALLEN PARISH WARD 3 FIRE PROTECTION DISTRICT NO. 2
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
 Reeves, Louisiana
STATEMENT OF ACTIVITIES
For the Year Ended July 31, 2011

		PROGRAM REVENUES	NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS
		CAPITAL GRANTS &	
Governmental Activities	EXPENSES	CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
General government	\$ 123,029	\$ 6,293	\$ (116,736)
Interest	13,671	-	(13,671)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 136,700	\$ 6,293	\$ (130,407)
General revenues:			
Ad valorem taxes			93,485
Interest			150
TOTAL GENERAL REVENUES			93,635
CHANGE IN NET ASSETS			(36,772)
NET ASSETS - BEGINNING			691,935
NET ASSETS - ENDING			\$ 655,163

See accompanying notes and independent accountant's compilation report.

FUND FINANCIAL STATEMENTS

ALLEN PARISH WARD 3 FIRE PROTECTION DISTRICT NO. 2
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
Reeves, Louisiana
Balance Sheet, Governmental Funds
July 31, 2011

	GENERAL FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS AND OTHER DEBITS			
Assets:			
Cash	\$ 67,806	\$ 131,589	\$ 199,395
Due from other fund	-	2,195	2,195
Other assets	685	-	685
Receivables	41	25	66
TOTAL ASSETS	\$ 68,532	\$ 133,809	\$ 202,341
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,914	\$ -	\$ 1,914
Due to other fund	2,195	-	2,195
TOTAL LIABILITIES	4,109	-	4,109
Fund Balances:			
Restricted for:			
Debt service	-	6,699	6,699
Assigned for:			
Debt service	-	127,110	127,110
Unassigned	64,423	-	64,423
	64,423	133,809	198,232
TOTAL LIABILITIES AND FUND BALANCES	\$ 68,532	\$ 133,809	\$ 202,341

See accompanying notes and independent accountant's compilation report.

ALLEN PARISH WARD 3 FIRE PROTECTION DISTRICT NO. 2
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
Reeves, Louisiana
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets
For the Year Ended July 31, 2011

TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS AT JULY 31, 2011	\$ 198,232
Total net assets reported for governmental activities in the statement of net assets is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Capital assets, net of accumulated depreciation	782,228
Bond issuance cost which are reported as expenditures in the year incurred in governmental funds are deferred and amortized in the statement of activities	4,790
Certain insurance cost which are reported as expenditures in the year incurred in the governmental funds will benefit future periods and are recorded as prepaid insurance on the statement of net assets	4,496
Certain liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities are reported in the statement of net assets:	
Bonds payable	(329,000)
Accrued interest payable	(5,583)
TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES AT JULY 31, 2011	<u>\$ 655,163</u>

See accompanying notes and independent accountant's compilation report.

ALLEN PARISH WARD 3 FIRE PROTECTION DISTRICT NO. 2
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
 Reeves, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended July 31, 2011

	GENERAL FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Ad valorem taxes	\$ 93,485	\$ -	\$ 93,485
Interest	82	68	150
Other income	6,293	-	6,293
Total Revenues	99,860	68	99,928
EXPENDITURES			
Advertising	490	-	490
Bookkeeping	1,800	-	1,800
Fire chief compensation	3,600	-	3,600
Fuel	3,112	-	3,112
Insurance	18,042	-	18,042
Legal & professional	4,195	-	4,195
Office supplies	642	-	642
Per diem	1,725	-	1,725
Repairs & maintenance	13,946	-	13,946
Sewer fee	185	-	185
Training	969	-	969
Utilities	5,521	-	5,521
Volunteer firefighter compensation	120	-	120
Capital outlay	48,927	-	48,927
Debt service:			
Principal retirement	13,000	11,000	24,000
Interest	-	13,865	13,865
Bond fees	-	150	150
Total Expenditures	116,274	25,015	141,289
EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENDITURES	(16,414)	(24,947)	(41,361)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	41,549	41,549
Operating transfers out	(41,549)	-	(41,549)
Total other financing sources (uses)	(41,549)	41,549	-
NET CHANGE IN FUND BALANCES	(57,963)	16,602	(41,361)
FUND BALANCES AT BEGINNING OF YEAR	122,386	117,207	239,593
FUND BALANCES AT END OF YEAR	\$ 64,423	\$ 133,809	\$ 198,232

See accompanying notes and independent accountant's compilation report.

ALLEN PARISH WARD 3 FIRE PROTECTION DISTRICT NO. 2
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
 Reeves, Louisiana
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended July 31, 2011

NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUNDS DECREASE	\$ (41,361)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures, however, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay:

Capital outlay	\$ 48,927	
Depreciation expense	<u>(67,939)</u>	(19,012)

In the statement of activities some expenses do not require the use of current financial resources and are not reported as expenditures in the governmental funds:

Accrued interest expense	194
Bond issue amortization expense	(442)

The governmental funds report certain expenditures when paid, where the statement of activities record expenditures in the period benefited as follows:

Prepaid insurance	(151)
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Repayment of bond principal is an expenditure in the governmental funds, but reduces liabilities in the statement of net assets

<u>24,000</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ (36,772)</u></u>
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See accompanying notes and independent accountant's compilation report.

NOTES TO THE FINANCIAL STATEMENTS

ALLEN PARISH WARD 3 FIRE PROTECTION DISTRICT NO. 2
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY

Reeves, Louisiana

Notes to the Financial Statements

As of and for the Year Ended July 31, 2011

INTRODUCTION

Allen Parish Ward 3 Fire Protection District No. 2 was created under the provisions of Louisiana Revised Statutes 40:1492-1501. The District was created for the purpose of providing fire protection for the people of Ward 3 of Allen Parish. The District is governed by five commissioners whom are appointed by the Allen Parish Police Jury and are compensated on a per diem basis. The District utilizes volunteer firemen.

As the governing authority of the parish, for reporting purposes, the Allen Parish Police Jury is the financial reporting entity for the District. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Allen Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organizations' governing body, and
 - a. The ability of the police jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints all members to the governing body and has the ability to impose its will on the District, the District was determined to be a component unit of the Allen Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by the police jury, or the other governmental units that comprise the financial reporting entity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Allen Parish Ward 3 Fire Protection District No. 2.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. All individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The Allen Parish Ward 3 Fire Protection District No. 2 reports the following governmental funds:

1. The General Fund is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.
2. The Debt Service Fund accounts for transactions relating to resources retained and used for the payment of principal and interest on long-term obligations.

Allen Parish Ward 3 Fire Protection District No. 2
Notes to the Financial Statements (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to business-type activities and to enterprise funds to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. General revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Allen Parish Ward 3 Fire Protection District No. 2's investment policy allow the District to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

D. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

The District does not use a valuation account for bad debts and considers its method to not result in an outcome that differs materially from results if the allowance method had been used.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

	Authorized And Levied Millage
Taxes due for:	
Maintenance	9.36 mills

E. Restricted Assets

Restricted assets are resources that the governmental entity is restricted from spending.

Allen Parish Ward 3 Fire Protection District No. 2
Notes to the Financial Statements (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

F. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. As of July 31, 2011, all assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Allen Parish Ward 3 Fire Protection District No. 2 maintains a threshold level of \$2,500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and building improvements	35 years
Equipment	10 years
Vehicles	20 years

G. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities type statement of net assets. Issuance costs are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond issuance costs during the current period. The face amount of the debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

H. Fund Balance

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. *Nonspendable*, such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),
2. *Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,
3. *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Fire District's Board of Commissioners (the District's highest level of decision-making authority),
4. *Assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Intent can be expressed by the Board of Commissioners or by an official or body to which the Board of Commissioners delegates the authority, and
5. *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications

The District's policy is to apply expenditures against nonspendable fund balances, restricted fund balances, committed fund balances, assigned fund balances, and unassigned fund balances, in that order, at the end of the fiscal year by adjusting journal entries.

The calculation of fund balance amounts begins with the determination of nonspendable fund balances. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

As of July 31, 2011, the District did not have any non-spendable or committed fund balances. The District had an assigned fund balance in the debt service fund of \$127,110 and a restricted fund balance in the debt service fund of \$6,699.

I. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Allen Parish Ward 3 Fire Protection District No. 2
Notes to the Financial Statements (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

J. Restricted Net Assets

For government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

1. externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; and
2. imposed by law through constitutional provisions or enabling legislation

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The Allen Parish Ward 3 Fire Protection District No. 2 uses the following budget practices:

A budget is adopted on a basis consistent with generally accepted accounting principles. An annual appropriated budget is adopted for the General Fund. All annual appropriations lapse at fiscal year end.

On or before the last meeting of each year, the budget is prepared by fund, function, and activity and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

The proposed budget is presented to the District's Board of Commissioners for review. The board holds a public hearing and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated. The budget was amended once during the current year and all amendments are reflected in the budget comparison.

3. CASH AND CASH EQUIVALENTS

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it.

In accordance with a fiscal agency agreement that is approved by the Board of Commissioners, the District maintains demand and time deposits through local depository banks that are members of the Federal Reserve System.

Interest rate risk. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of credit risk. The District places no limit on the amount the District may invest in any one issuer.

Allen Parish Ward 3 Fire Protection District No. 2
Notes to the Financial Statements (Continued)

3. CASH AND CASH EQUIVALENTS

At July 31, 2011, the Allen Parish Ward 3 Fire Protection District No. 2 has cash and cash equivalents (book balances) totaling \$199,395 as follows:

Interest-bearing demand deposits	\$ 199,395
Time deposits	-
Other	-
Total	<u>\$ 199,395</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At July 31, 2011, the Allen Parish Ward 3 Fire Protection District No. 2 has \$201,484 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance.

4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables/payables consist of the outstanding balances from activity between funds. These balances are expected to be repaid during 2011.

Due To/From Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
Debt Service Fund	General Fund	\$ 2,195
	Total	<u>\$ 2,195</u>

Interfund Transfers:

<u>From</u>	<u>To</u>	<u>Amount</u>
General Fund	Debt Service Fund	\$ 41,549
	Total	<u>\$ 41,549</u>

The District makes routine transfers between funds to pay routine expenses that occur during the year.

Allen Parish Ward 3 Fire Protection District No. 2
Notes to the Financial Statements (Continued)

5. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended July 31, 2011, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Buildings & building improvements	\$ 165,125	\$ -	\$ -	\$ 165,125
Equipment	164,368	48,927	-	213,295
Vehicles	920,833	-	-	920,833
Total capital assets being depreciated	<u>\$ 1,250,326</u>	<u>\$ 48,927</u>	<u>\$ -</u>	<u>\$ 1,299,253</u>
Less accumulated depreciation for:				
Buildings & building improvements	\$ 67,850	\$ 7,431	\$ -	\$ 75,281
Equipment	99,865	15,639	-	115,504
Vehicles	281,371	44,869	-	326,240
Total accumulated depreciation	<u>\$ 449,086</u>	<u>\$ 67,939</u>	<u>\$ -</u>	<u>\$ 517,025</u>
Total capital assets being depreciated, net	<u>\$ 801,240</u>	<u>\$ (19,012)</u>	<u>\$ -</u>	<u>\$ 782,228</u>

Depreciation expense of \$67,939 for the year ended July 31, 2011 was charged to the following governmental functions:

General Government	<u>\$ 67,939</u>
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6. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended July 31, 2011.

	<u>Bonded Debt</u>
Long-term obligations at Beginning of Year	\$ 353,000
Additions	-
Deductions	<u>24,000</u>
Long-term obligations at End of Year	<u>\$ 329,000</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of July 31, 2011.

	<u>Bonded Debt</u>
Current portion	\$ 24,000
Long-term portion	<u>305,000</u>
Total	<u>\$ 329,000</u>

Allen Parish Ward 3 Fire Protection District No. 2
Notes to the Financial Statements (Continued)

6. LONG-TERM OBLIGATIONS

All District bonds outstanding at July 31, 2011 are general obligation bonds with maturities from 2012 to 2022 and interest rates from 0.00% to 4.24%. Bond principal and interest payable in the next fiscal year are \$24,000 and \$13,398 respectively. The individual issues are as follows:

Bond	Original Issue	Interest Rate	Final Payment Due	Interest to Maturity	Principal Outstanding	Funding Source
C.O.I. Series 2007-A	\$ 357,000	4.24%	March 1, 2022	\$ 144,564	\$ 316,000	Ad valorem taxes
C.O.I. Series 2007-B	\$ 63,000	0.00%	March 1, 2012	\$ -	\$ 13,000	Ad valorem taxes

All principal and interest requirements are funded in accordance with Louisiana law by the annual ad valorem tax levy on taxable property within the District. At July 31, 2011, the Allen Parish Ward 3 Fire Protection District No. 2 has accumulated \$131,589 in the debt service fund for future debt requirements. The bonds are due as follows:

Year Ending July 31,	Principal Payments	Interest Payments	Total
2012	\$ 24,000	\$ 13,398	\$ 37,398
2013	25,000	12,932	37,932
2014	26,000	11,872	37,872
2015	27,000	10,770	37,770
2016	28,000	9,625	37,625
2017-2021	162,000	29,002	191,002
2022	37,000	1,569	38,569
Total	<u>\$ 329,000</u>	<u>\$ 89,168</u>	<u>\$ 418,168</u>

In accordance with R.S. 39:562, the Allen Parish Ward 3 Fire Protection District No. 2 is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property. At July 31, 2011 the statutory limit is \$3,744,022 and outstanding bonded debt totals \$329,000.

7. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. The District did not reduce insurance coverage during the year ended July 31, 2011.

Allen Parish Ward 3 Fire Protection District No. 2
Notes to the Financial Statements (Continued)

8. PER DIEM

As provided by Louisiana Revised Statute 40:1498, each commissioner may receive \$25 per diem for attending regular and special monthly meetings. A detail of compensation paid to the President of the Board, board members, and fire chief for the year ended July 31, 2011 follows:

Carl Ritter	\$ 325
Luther Miller	225
Georgia Fruge, President	325
Rusty Reeves	200
Mike Dotson	225
Paula Lee	75
Allen Hurlburt, Fire Chief	<u>350</u>
Total	<u>\$ 1,725</u>

9. SUBSEQUENT EVENT REVIEW

The District's management has evaluated subsequent events through December 13, 2011, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

ALLEN PARISH WARD 3 FIRE PROTECTION DISTRICT NO. 2
Budgetary Comparison Schedule
General Fund
For the Year Ended July 31, 2011

For the Year Ended July 31, 2011

	BUDGETED AMOUNTS			VARIANCE (OVER)
	ORIGINAL	FINAL	ACTUAL	FINAL
REVENUES				
Ad valorem taxes	\$ 93,485	\$ 93,485	\$ 93,485	\$ -
Interest	126	142	82	(60)
Other revenues	6,293	6,293	6,293	-
Total Revenues	99,904	99,920	99,860	(60)
EXPENDITURES				
Advertising	600	600	490	110
Bookkeeping	1,800	1,800	1,800	-
Fire chief compensation	3,000	3,600	3,600	-
Fire tax rebate expenses	6,293	6,293	-	6,293
Fuel	1,900	3,100	3,112	(12)
Insurance	17,900	18,050	18,042	8
Legal & professional	3,450	4,745	4,195	550
Office supplies	800	500	642	(142)
Per diem	1,800	1,600	1,725	(125)
Promotion	500	100	-	100
Repairs & maintenance	16,500	10,600	13,946	(3,346)
Sewer fee	180	180	185	(5)
Training	2,200	900	969	(69)
Utilities	6,300	5,600	5,521	79
Volunteer firefighter compensation	-	-	120	(120)
Works compensation insurance	408	-	-	-
Capital outlay	3,600	44,300	48,927	(4,627)
Principal payments	13,000	13,000	13,000	-
Total Expenditures	80,231	114,968	116,274	(1,306)
Excess (Deficiency) of Revenues Over (Under) Expenditures	19,673	(15,048)	(16,414)	(1,366)
OTHER FINANCING SOURCES (USES)				
Operating transfers out	(41,549)	(41,549)	(41,549)	-
Total other financing sources (uses)	(41,549)	(41,549)	(41,549)	-
NET CHANGE IN FUND BALANCE	(21,876)	(56,597)	(57,963)	(1,366)
FUND BALANCE AT BEGINNING OF YEAR	122,386	122,386	122,386	-
FUND BALANCE AT END OF YEAR	\$ 100,510	\$ 65,789	\$ 64,423	\$ (1,366)

Notes to the Schedule:

The budget is adopted on a basis consistent with generally accepted accounting principles.

There was one amendment to the budget in 2011.

The following expenditure accounts were adjusted by more than 10% during the amendment:

fire chief compensation; fuel, worker's compensation insurance, legal & professional, office supplies, per diem, promotion, repairs & maintenance, training, utilities, and capital outlay.

See independent accountant's compilation report.